

REMARKS

Applicants wish to thank the examiner and the primary examiner for the opportunity to discuss the present application.

Claims 1-14 are pending in this application. Claims 1, 2, 6-10 and 13 are amended. No new matter is added by these amendments. An early action on the merits is solicited.

1. Claim Amendments

Claim 1 is amended to specify in the body of the claim that the claimed method is performed over a computer network.

Claims 10 and 13 are amended to clarify the relationship between the first and second tiers of auctions and to correct a minor typographical error.

Claims 2 and 6-9 are amended to further clarify the invention.

2. Claim Rejection 35 U.S.C. §101

Claims 1-9 are rejected under 35 U.S.C. 101. Applicants' disagree that the claims as previously presented were an abstract idea not tied to any technological art. Nonetheless, in order to expedite the prosecution of this application, Applicants have amended claim 1, and claims 2-9 by way of dependency, to include in the body of the claim that the method is performed over a computer network.

3. Claim Rejection 35 U.S.C. §112

Per the suggestion by the primary examiner, claims 10 and 13 are amended to clarify the multi-tier auction process by explaining the relationship between the first and subsequent tiers of the auction. In particular, conducting subsequent tiers of the auction depend on the outcome of

the previous auction tier. For example, if after the time for the first tier auction, the asset is not sold, a second tier auction is conducted. If, however, after the first tier auction, the asset is sold, there is no need for the second tier auction, and none is performed.

With regard to claims 10 and 13 and the lack of antecedent basis for “the buyer codes”, Applicants have amended the claims to correct the typographical errors. Similarly, claim 13 in step (5) correction is made to the typographical error “tier auction” to correctly recite “tiered auction.”

3. Claim Rejection 35 U.S.C. §103

Claims 1-14 are rejected as obvious over the combination of Silverman in further view of Godin. Claims 4-14 are further rejected as obvious over the combination of Silverman in further view of Godin, and also in further view of Odom. Applicants respectfully disagree and traverse the rejections. For the reasons discussed, the rejections should be withdrawn.

The claimed invention is directed to a method for conducting an auction for an asset that is subject to seller-defined restrictions, such as government surplus. As discussed in the specification, the disposition of assets, such as those of a government entity, must be done in a prescribed manner. For example, an asset must first be offered to other departments within the agency, and if not sold, then to other government agencies, and if still not sold, to non-profit organizations, etc. Other public sector entities, such as public schools, as well as private companies, may also institute similar regulations on the disposal of assets, such as textbooks or old office equipment. As such, these multiple tiers of auctions require that only buyers that meet certain criteria are informed of and able to participate in a particular level of auction.

Accordingly, one claimed feature of the present invention is to limit disclosure of the auction of a particular asset to only those buyers that have registered and provided information making up a buyer profile code with a service provider, and where the buyer's buyer profile codes matches an asset's profile code. For example, in claim 1 it is specified that if the buyer profile code matches the asset profile code, that only then is the asset displayed to the buyer and offered for auction. (See element (d)). No such teaching exists in any of the art relied upon in the Office Action. Accordingly, no *prima facie* case of obviousness has been made.

The Patent and Trademark Office (PTO) has the burden under 35 U.S.C. §103 of establishing a *prima facie* case of obviousness. *In re Piasecki*, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984). "To establish a *prima facie* case of obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art." MPEP 2143.03, citing, *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). The PTO, to establish a *prima facie* case of obviousness based on a combination of the content of various references, must also provide evidence of some teaching, suggestion or motivation in the prior art to make the specific combination that was made by the applicant. *In re Raynes*, 7 F.3d 1037, 1039, 28 USPQ2d 1630, 1631 (Fed. Cir. 1993). As discussed below, neither of these requirements has been met. Accordingly, the rejection of claims 1-14 should be withdrawn.

Additionally, objective indicia, such as the commercial success, copying of others, and long felt need for Applicants' invention also demonstrate the nonobviousness of the present invention.

a. Claims 1-14 (Silverman in further view of Godin)

Applicants respectfully submit that no *prima facie* case of obviousness has been established because the cited art does not disclose nor suggest the claimed elements of the claims 1-14. No *prima facie* case has been established for the additional reason that no adequate motivation to combine the cited references is provided in the Office Action. As such, the rejection should be withdrawn.

1. The Cited Combination Does Not Teach The Claimed Elements

Silverman is the primary reference relied upon in the Office Action. It is stated in the Office Action that:

“Silverman discloses a method comprising the steps of: (a) receiving seller input comprising a first asset profile code for the asset, wherein the first asset profile code comprises at least one community restriction which must be met by a buyer before the buyer is authorized to purchase the asset; (b) retrieving information provided by at least one buyer, the information comprising a buyer profile code; (c) comparing the buyer profile code of the at least one buyer with the first asset profile code to determine whether the buyer profile code of the at least one buyer matches the first asset profile code; (d) if the buyer profile of the at least one buyer matches the first asset profile code, performing the steps comprising (1) displaying the asset to the at least one buyer; (2) offering the asset for sale to the at least one buyer; (3) accepting bids on the asset from the at least one buyer; (See Silverman Column 4 lines 4-27 and Claim 9).

Applicants respectfully submit that the Silverman patent does not disclose the claimed features as recited in the Office Action.

The claimed invention is for “a method for conducting an auction to sell an asset subject to seller-defined restrictions over a computer network ...” By contrast, the Silverman patent is not even directed to auctioning assets at all. Rather, Silverman discloses:

a negotiated matching system which introduces potential counterparties to a

transaction based on a first, firm set of transaction parameters input into the system by each party, and then enables communication between the potential counterparties to negotiate a second, negotiated set of transaction parameters. (Col. 3, ll. 39-44).

In Silverman this is accomplished by linking the computers of a trader and potential counterparties i.e, other traders. The trader and potential counterparties rank other users in the system in terms of acceptability as a counterparty to one or more types of transactions. For example, trader X creates a list of other traders that he or she prefers to work with, such as traders A, B, C, ... n. The other traders A, B, C, ... n, similarly rank preferred trading partners. A matching computer then matches traders that have ranked one another highly. After a matching computer matches compatible partners, the parties then negotiate an additional set of parameters for the transaction. If an set of transaction parameters is agreed to between the parties, then a transaction can be executed by the computer system. (Col. 4, ll. 4-27). This system disclosed in Silverman is clearly and completely different from the present invention. Indeed, none of the claimed steps are taught by Silverman.

Silverman fails to disclose the step of receiving seller input comprising a first asset profile code for the asset. Silverman does not disclose a method for selling an asset at all. Rather, as set forth in Claim 9, which is relied upon in the Office action, Silverman discloses a “negotiated matching system for identifying potential counterparties to a transaction and enabling communication between the parties to negotiate the terms of the transaction...” In the present invention, the step of receiving seller input about the first asset profile is the seller inputting into the computer system information about the asset to be auctioned, such as what it is, how much of it is available, its location, and a community restriction that a buyer who is unknown to the seller

must satisfy before being allowed to bid on the asset. There is nothing in Silverman about the seller of an asset providing information about the asset to be auctioned or limiting by the particular asset, which buyers can bid on the asset.

The Silverman patent also fails to disclose the step of retrieving information provided by at least one buyer, the information comprising a buyer profile code. As discussed, in Silverman, the trader and potential counterparties each provide a list of parties with whom they wish to open negotiations. The computer then matches those parties that have ranked each other highly. Again, this is completely different from the claimed invention. The claimed buyer profile code entered by the potential buyer is biographical or characteristic information about who the buyer is, what agency he or she is with, where he or she is located, etc.

Ranking information is completely dissimilar. The ranking for a particular party is not provided by the party itself. Rather, other parties provide this information. For example, party X does not provide its own ranking information. Other parties create this. Further, ranking is not biographical or characteristic information about the buyer. Ranking further requires previous dealings or some perception with potential trading partners.

This is not the case with comparing buyer profile codes with asset profile codes. Buyers enter their information to create buyer profile codes completely independent of what assets are available. Indeed, at the time a buyer provides the information to establish its profile code, the asset may not even exist yet. Similarly, when the asset profile code is created, the seller does not know what buyers exist.

The Office Action cites column 4, lines 9-11 as purportedly rebutting this argument. With

all due respect, the argument in the Office Action is incorrect. The Silverman specification clearly states that ranking is done by a party knowing who potential other parties are and ranking them in order of preference. (Col. 4, ll. 4-27). The proposition that one could rank potential trading partners without first knowing who they were is illogical.

Thus, Silverman does not teach the claim elements recited in the Office Action. Indeed, it is conceded in the Office Action that Silverman does not disclose profile codes. Instead, the Office Action conclusorily states that “[r]anking is an art recognized equivalent profile code and matching the ranking implies matching the profile codes.” No support is given for this proposition. The MPEP clearly states that “in order to rely on equivalence as a rationale supporting an obviousness rejection, the equivalency must be recognized in the prior art.” MPEP §2144.06. No support from the prior art is given. As such, basing the obviousness rejection on such a statement is improper *ab initio* and should be withdrawn. At the very least, some evidentiary support should be given. Applicants respectfully request that such evidence be provided or the rejection withdrawn.

Another step that is not disclosed by the Silverman patent is the step requiring comparing the buyer profile code of the at least one buyer with the first asset profile code to determine whether there is a match. As discussed, Silverman does not disclose either a buyer profile code or an asset profile code. Therefore, this step is not disclosed.

The next step not disclosed by Silverman is the step performed if the buyer profile code matches the asset profile code, which includes displaying the asset to the authorized buyer, offering the asset for bidding through the auction, and accepting bids from the buyer. Silverman

discloses that even after matching the ranking of potential parties, the parties must then communicate to negotiate terms under which further transactions can occur. There is no disclosure of opening assets up for auction to all qualified buyers. This is because Silverman only teaches matching compatible parties to open up communications for further negotiations, not auctioning assets.

With respect to claims 8-14, Silverman also fails to disclose a multi-tiered auction. The Office Action cites column 4, lines 41-47 as supporting the disclosure of multi-tier auctions. This is incorrect. It is specifically claimed that the performance of subsequent tiers of auctions depends on the outcome of the previous tier, for example, if the asset was sold or not. Silverman discloses something entirely different. In addition to the fact that Silverman does not disclose an auction at all, the cited portion of Silverman discloses only that after potential negotiating partners are identified, that the potential partners can negotiate a second set of transaction parameters. In other words, Silverman does not disclose multiple tiers of auctions. Rather, it discloses a two part process wherein potential partners are first identified and then those identified potential partners negotiate additional terms, which is not what is claimed in the present invention.

Indeed, Silverman is not even analogous art. Silverman does not address auctioning assets at all or address the problem of restricted access auctioning. For this reason as well the rejection should be withdrawn.

2. The Support For A Motivation To Combine The
Prior Art References Is Insufficient

As was pointed out in earlier responses, the cited support for the motivation to combine references provided in the Office Action is decidedly insufficient. "There are three possible

sources for a motivation to combine references: the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the art. *In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457-58 (Fed. Cir. 1998). The only support given for the combination of Silverman with Godin is as follows:

The combination of the disclosures taken as a whole suggests that both (sic) the seller would have been able to maximize his proceeds by selling to the highest bidder. (Office Action at 4).

While the Godin patent does disclose that in an auction a seller is able to maximize proceeds by selling to the highest bidder, this cannot legitimately serve as a motivation to combine Godin with Silverman.

The factual inquiry whether to combine references must be thorough and searching and based on objective evidence of record. *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351-52, 60 USPQ2d 1001, 1008 (Fed. Cir. 2001). There must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the applicant. *In re Dance*, 160 F.3d 1339, 1343, 48 USPQ2d 1635, 1637 (Fed. Cir. 1998). To do otherwise would be to improperly succumb to a hindsight-based obviousness analysis. *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). The examiner can satisfy the burden of showing obviousness of the combination “only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references.” *In re Fritch*, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992). The rationale given for the motivation to combine is insufficient to meet these requirements.

Silverman is not directed to auction assets at all. The object of Silverman is to provide a system for finding preferred trading partners. In fact, the actual negotiation for the sale of the financial instrument is left to the matched parties. Accordingly, there is no reason for one to be motivated to combine Godin with Silverman since Silverman is not even an auction patent. Further, the general desire to make more money cannot motivate one to simply pick and choose elements from the prior art to arrive at the claimed invention.

b. Claims 4-14 (Silverman in further view of Godin and Odom)

For many of the reasons discussed above, Applicants further respectfully submit that no *prima facie* case of obviousness has been established because the cited art does not disclose nor suggest the claimed elements of the claims 4-14, nor provide adequate motivation to combine the cited references. As such, the rejection should be withdrawn.

The inclusion of the Odom patent in the Office Action is an attempt to find a teaching of the claimed strike price in the prior art. Odom does not disclose the claimed strike price. A strike price is a price at which an auction is concluded and the sale made if a bid at or above that strike price is submitted. Bidding can occur and be accepted at prices below the strike price, however, if a bid is made at or above the strike price, the auction is immediately concluded. Odom discloses nothing of the sort.

Citation is made to column 3 lines 43-44 and 57-58, as well as column 8, lines 21-24 of Odom for the purported teaching of a strike price. At column 3, lines 43-44, Odom merely states generically that "transaction control may be exercised by the seller (e.g., when an acceptable bid is received)." Lines 57-58 then state that "[a]nother technical advantage is that the seller can set the

parameters of the exchange.” Column 8 states “the system determines if a concluding event has occurred. This may be an expiration of time, by an exact match, by seller intervention, or any other suitable event.” While it may hypothetically be possible that the “acceptable” bid or “suitable event” is a strike price, such nebulous teachings are insufficient and does not teach the utility of the strike price of Applicants’ invention. *See In re Ruschig*, 343 F.2d 965, 977, 145 USPQ 274, 285 (CCPA 1965) (“the vague ‘basket’ disclosure of possible uses in the [prior art] are unimportant. What is important is the fact that the utility discovered by the appellants is not disclosed in the prior art.”). In other words, Odom offers only generalities and does not teach the strike price as claimed in the present application.

Odom is further relied upon as teaching the step of assigning to the asset a second asset profile code. Odom does not teach this step. With the present invention, the second asset profile code is assigned if no bids are received on an asset in any particular tier of auctions. This second asset profile code redefines the pool of potential bidders for the asset. While the Odom patent does disclose entering information about an asset, it does not disclose the second asset profile code. In particular, there is no disclosure of recharacterizing the profile code of an asset such that it may be offered to a different set of bidders. As such, this element is not taught by Odom and the rejection on this basis should be withdrawn.

Odom is also fundamentally different from the present invention. In Odom, prospective buyers bid on goods irrespective of their qualifications. As shown in FIG. 5 of Odom, it is only after a bid is tendered that the buyer’s qualifications are checked. According to the claimed invention, the buyer is not even informed of the availability of an asset until its buyer profile code

is compared with the asset profile code. In so doing, illegitimate bids are avoided altogether in the claimed invention.

Again, the cited motivation to combine is insufficient. The cited motivation is that “the combination of the disclosures taken as a whole suggests that it would help the seller sell the asset only if the bid is acceptable to the seller.” There is no specific teaching of this sort, and the Office Action fails to state as such. The only indication of any such motivation is found in Applicants’ disclosure. As such, the cited motivation to combine impermissibly engages in hindsight reconstruction. Further, as discussed above, Silverman does not relate at all to an auction. As such, there would be no motivation to combine Odom or Godin with Silverman. In particular, a person of ordinary skill in the art would have no reason to modify Silverman to include a bid screening feature since there is no bidding in Silverman. Further, Odom only discloses checking to see if a bid is acceptable **after** the bid has been made. In the claimed invention, a buyer whose profile code does not match an asset profile code cannot bid at all on the asset. For this reason as well, there can be not motivation to combine the cited references in a manner that would result in the claimed invention.

c. The Objective Indicia Of Nonobviousness Demonstrate
 The Patentability Of The Present Invention

The Supreme Court in *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 148 USPQ 459, 467 (1966) explained that in determining obviousness one must consider objective indicia demonstrating nonobviousness, such as commercial success, long felt need, and copying. “Secondary considerations may be the most pertinent, probative, and revealing evidence available

to the decision maker in reaching a conclusion on the obviousness/non-obviousness issue....”

Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 306, 227 USPQ 657 (Fed. Cir. 1985), *cert. denied*, 475 U.S. 1017 (1986). The objective indicia surrounding the claimed invention clearly demonstrate its nonobviousness.

Unlike many of the business models developed during the dot-com boom, Applicants’ invention has succeeded in the marketplace. Applicants’ invention is being offered through a company named GovDeals, Inc. To date, over 300 public sector entities have registered with GovDeals to participate in auctions utilizing the claimed business method. (Ex. 1). The reasons that have been received from customers for the success is the multi-tiered auction and greater ability to disseminate information regarding assets available for auction. (Ex. 1). In addition, unlike standard sales of assets, the auction environment has provided a competitive aspect to buying which has increased the amount of revenues generated. (Ex. 1).

Indeed, several government entities have expounded on the benefits they have achieved through using the present invention. For example, attached herewith are several articles touting the benefits of the GovDeals.com system. (Ex. 2). Each of these articles evidences the long felt need and commercial success of the present invention. *Governing Magazine*, which is also widely read by both executives and managers in the public sector have described the GovDeals system very favorably in an article about the benefits of using online auctions to dispose of surplus, confiscated and excess assets. (Ex. 3). While other companies are also mentioned, none of these companies includes the tiered availability capability of the present invention, which provides a competitive advantage when large governments are seeking automated surplus auction

management solutions. (Ex. 1).

Indeed, GovDeals was able to secure online auction services over other online auction providers due to the claimed tiered availability method. (Ex. 1). As shown in Exhibit 4, this was a key feature of the GovDeals system. Exhibit 4 shows a few examples of Request for Proposals (RFP) wherein a feature that was desired by the States of Georgia, Ohio and Tennessee was the claimed tiered availability functionality.

In fact, the present invention is even being copied by others. As shown in the article attached as Exhibit 5, the city of Nashville, Tennessee, through a company named Link2gov is copying the tiered availability feature of the present invention. Nashville became aware of the restricted access, i.e., tiered availability feature through dealings with GovDeals made as part of an offer for sale. Rather than utilize the GovDeals system, however, Nashville is attempting to build its own system with the tiered availability functionality. (Ex. 1).

Applicants submit that this objective evidence of nonobviousness further demonstrates the patentability of the present invention.

Appl. No. 09/580,145

Response to Office Action Mailed May 12, 2004

4. Conclusion

For the reasons discussed above, Applicants respectfully submit that the present invention is in condition for allowance and request the same.

Respectfully submitted,

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